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SECRET

The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC #7460-83
17 October 1983

AH. ER 83-4625
ER 83-4899+/1

MEMORANDUM FOR: Deputy Director for Intelligence

FROM: Maurice C. Ernst
NIO for Economics

SUBJECT: Soviet Exports to the US Made with Forced or Prison Labor

1. As you know, the Commissioner of Customs von Raab became aware a couple of months ago that he has the authority, under one of the provisions of the Smoot-Hawley tariff of the 1930s, to ban US imports of foreign products made with forced or prison labor. He requested information from CIA, through [redacted] and received an unclassified memorandum from the DCI (prepared by OGI) listing Soviet products that are in part exported and produced with forced or prison labor. Von Raab sent the memorandum to Senator Armstrong, who had been conducting investigations into this matter as part of the reaction to the Korean airliner incident, and who then introduced the CIA material into the Congressional Record. Senators Armstrong and Helms have been pushing von Raab to take action on this front. 25X1

2. I was invited to an IG meeting on this issue on 5 October by Assistant Secretary of the Treasury for Enforcement Walker. At my request, [redacted] attended in my place, after preparing another memo, which both repeated the earlier unclassified commodity list, and characterized the available classified evidence. 25X1

3. The issue was then taken up at a SIG-IEP meeting on 13 October, which I attended with [redacted] of SOVA. Walker and von Raab described their authority to ban imports made with slave labor and their intention to do so, subject to the Secretary of the Treasury's approval. I briefly reviewed what we knew, pointing out that there is convincing, if often circumstantial, evidence that some of the production of the items we had listed occurred with slave or prison labor, but that we had little or no information about the specific characteristics or brand names of the products, or about whether or not they were exported to the United 25X1

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States. Von Raab's proposed action met with little support, including from the other parts of Treasury. It was agreed that more information was needed from CIA on the specific evidence of the use of forced labor for particular products imported into the United States.

4. I understand that the relevant evidence consists mainly of [redacted] 25X1 25X1

[redacted]

5. I gather that describing, and where feasible, assessing the specific evidence should present no major problems. The tricky part of the study is to define categories--or "classes"--of Soviet exports to the United States. The Commissioner of Customs apparently has the authority to ban a "class" of merchandise of imports, but the term "class" is not defined. It seems to me that CIA should avoid putting itself in the position of defining what constitutes a "class" of imports. This can be done by using an established system of commodity classification. In this case the most convenient and useful classification would be the US import classification. CIA can list the specific information on the use of forced labor under each of the relevant categories of the US import classification at the most detailed level of disaggregation that the evidence allows. In this way we will provide the policy officials and lawyers a basis for decisions on both the adequacy of the evidence and the appropriate level of disaggregation. Neither of these judgments is an intelligence matter.

6. Attached is pertinent material that I have received from von Raab and other sources. This includes:

(1) The relevant part of the Congressional Record, including the memo and list from the Director.

(2) The classified CIA memo that was sent to the members of the IG, and a follow-up memo to Customs.

(3) A draft memo from von Raab to the Secretary of the Treasury, to which is appended a tentative detailed list of US imports from the USSR that Customs believes, [redacted] might have been produced with forced labor. 25X1

(4) The pertinent section of the Smoot-Hawley Act.

(5) A synopsis of instances in which this authority was used in the past.

(6) A State Department memo arguing that it should not be used.

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(7) An internal Customs memo which tries to define aspects of the Commissioner's legal authority.

Maurice C. Ernst

Attachments:
As stated

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DCI/NIC/NIO/Econ:M.Ernst:bha(17 Oct 83) [redacted] 25X1

Dist:
Orig - DDI
1 - D/SOVA
1 - D/OGI
1 - ExDir (info)
1 - NIO/USSR-EE
1 - VC/NIC (CW)
1 - VC/NIC (HM)
1 - DDI Registry
2 - NIO/Econ

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